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RETAIL PRODUCE OPERATIONS
1986

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The Food Marketing Institute (FMI) is a nonprofit association that conducts programs in research, education and public affairs on behalf of its 1,500 members -- food retailers and wholesalers and their customers in the United States and overseas. FMI's domestic member companies operate more than 17,000 retail food stores with a combined annual sales volume of $150 billion -- half of all grocery sales in the United States. More than three-fourths of the FMI's membership is composed of independent supermarket operators or small regional firms. Its international membership includes more than 150 members from 40 nations.

Founded in 1949, the Produce Marketing Association (PMA) is a non-profit trade association serving more than 2,400 companies and individuals involved in marketing fresh fruits, vegetables and floral products worldwide. Each of the association's three membership divisions -- retail, food services and floral -- offer services and programs designed to increase the per capita consumption of industry products.

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EXECUTIVE SUMMARY

Why The Study Was Conducted

Retail sales of fresh produce are growing dramatically in both volume and variety. The U.S. Department of Agriculture, estimates that during the last 10 years, per capita consumption has increased 1.7 percent per year for fresh vegetables, and 1.2 percent per year for fresh fruit. In fact, the USDA reports that the total consumption of fresh vegetables rose 6 percent in 1984, the largest yearly increase in two decades.

Fresh produce has become an increasingly important factor in supermarket operations. Consumer preferences for fresh foods has resulted in an expansion of produce volume in supermarkets. This report is designed to provide an overview of the retailing performance and merchandising techniques of the produce department, as supermarkets today realize unprecedented growth opportunities in the area of fresh produce.

The changing American lifestyle with its focus on nutrition and exercise has led people to increase their fresh vegetable and fruit consumption. This new lifestyle encourages supermarkets to concentrate more on their produce department. With this in mind, the Food Marketing Institute and Produce Marketing Association surveyed 189 companies which accounted for 8,722 supermarkets, to gain insights into the produce department.

The survey revealed that the typical produce department contributed 8.2 percent to total store sales in 1985. This department typically experienced a 5 percent shrink rate on total produce sales.

The information in the survey showed that $1.20 was the typical produce sales per customer transaction. Stores with the largest produce departments rang up $2.00 per customer transaction compared with $.90 for the smallest stores. The study also found that the produce department contributed 21 percent to total store net profit.

As expected, stores offered more items during the summer than the winter, 165 to 150.

Companies anticipated a 15 percent rate of growth for their produce departments over the next three years. Helping those sales increase will be items such as broccoli, kiwi and lettuce/salad/leafy items. Companies reported that these items increased in sales faster than total produce sales during the past 12 months.

Typical produce departments received 5 percent of their shipments by direct store delivery. Most of these deliveries were locally produced items and high tonnage/high bulk items such as potatoes and watermelons.

Fifty-five percent of the respondents believed that branding/stickering by suppliers increases sales. Over three-quarters stated that this helps the customer identify with the product and almost one-half of the respondents felt that stickers result in the consumer perceiving added value to the product.

Finally, floral departments contributed 1 percent to total store sales. The typical floral department measured 240 square feet with weekly sales equal to $28.00 per square foot.

How To Read the Tables

In the tables that follow, columns showing the "Range for Middle Half" contain responses falling within the 25-75 percent range of responses ranked from lowest to highest. Answers which would fall into the lowest 25 percent or the highest 25 percent are not taken into account in this column. The "Median" figure represents the typical store or the midway point between the lower and upper 50 percent segments.

In many of the tables, the results are provided for the most and least successful stores to help identify the characteristics of these stores. For example, Table 7 displays the percentage of sales lost to shrinkage. The column headed "Related to Net Profit" separates those companies with top net profit (top 90th percentile) and those with the lowest net profit (bottom 10th percentile). The table then identifies the shrinkage rates for these two groups. Unless otherwise indicated, all data are weighted by the number of stores.

SECTION ONE: SALES PERFORMANCE

Table 1 displays the percentage the produce department annually contributed to store sales. The table shows that the typical store contributed 8.2 percent to store sales. This is consistent with the 8.5 percent rate found in FMI's 1984 The Food Marketing Industry Speaks report. The 8.2 percent rate is also consistent with the 7.9 percent finding in FMI's 1985 Full Year Operations Review report. Since 1976, the produce department's contribution to store sales has increased from 7 percent. The table further shows that the overall 1985 percentage increased to 9 percent for stores that included non-fresh/floral items and dropped to 8 percent for stores that excluded non-fresh/floral items.

Super stores, in spite of their expanded non-food sections, tended to generate larger sales contributions for produce. The typical super store produce department generated 8.5 percent in sales compared to 7.5 percent for conventional stores and 7 percent for warehouse stores. Super stores that included non-fresh/floral items typically contributed 10 percent to storewide sales and 7 percent when non-fresh/floral items were excluded.

TABLE 1: PRODUCE SALES CONTRIBUTION TO TOTAL STORE SALES, PER STORE, Annual Percent of Dollars

	No. Stores Responding	Range for Middle Half	Median
A. CONSOLIDATED RESPONSES			
Total, All Stores	8748	8.0% to 9.0%	8.2%
Stores That Include Non-Fresh/Floral	5290	8.3% to 9.0%	9.0%
Stores That Exclude Non-Fresh/Floral	3266	7.1% to 8.0%	8.0%
B. CONVENTIONAL SUPERMARKETS			
Total, All Conventional Stores	2120	7.0% to 9.0%	7.5%
Stores That Include Non-Fresh/Floral	1570	7.3% to 8.5%	8.0%
Stores That Exclude Non-Fresh/Floral	395	6.1% to 7.0%	6.8%
C. WAREHOUSE STORES			
Total, All Warehouse Stores	81	6.8% to 9.0%	7.0%
Stores That Include Non-Fresh/Floral	47	6.8% to 7.7%	6.8%
Stores That Exclude Non-Fresh/Floral	33	6.5% to 9.0%	8.3%
D. SUPER STORES (over 30,000 sq. ft., with expanded non-foods)			
Total, All Super Stores	907	7.0% to 10.0%	8.5%
Stores That Include Non-Fresh/Floral	585	8.5% to 10.0%	10.0%
Stores That Exclude Non-Fresh/Floral	277	7.0% to 8.0%	7.0%

Source: FMI/PMA Retail Produce Operations Survey, 1986. Data weighted by number of stores.

Table 2 shows produce sales per square foot of selling area as a measure of space productivity. For all stores, the produce department typically generated $12.00 per week per square foot. The range in responses was broad, from $8.10 per square foot to $18.00 per square foot.

Table 2 also illustrates sales per square foot in relation to net profit, sales per labor hour, and sales per customer transaction. Stores with the highest sales productivity report $18.00 per week per square foot of selling area compared to $12.00 per week per square foot for stores with the lowest sales productivity. Similarly, stores with the highest sales per customer transaction reported $18.00 compared to $8.50 for stores with the lowest sales per customer transaction. Surprisingly, Table 2 does not show a significant relationship between net profit and weekly dollars per square foot. The table reveals that stores with the highest and lowest net profit have a median of $10.00 per square foot. This is below the overall median of $12.00 per square foot.

TABLE 2: PRODUCE SALES PRODUCTIVITY OF SPACE, PER STORE

Weekly Dollars Per Square Foot

	No. Stores Responding	Range for Middle Half	Median
A. CONSOLIDATED RESPONSES			
Total, All Stores	843	$ 8.10 to $18.00	$12.00
Top (90th Percentile)	87	$18.50 to $25.00	$20.00
Bottom (10th Percentile)	136	$ 4.00 to $ 7.00	$ 6.50
B. RELATED TO NET PROFIT CONTRIBUTION			
Top (90th Percentile)	61	$ 8.20 to $20.00	$10.00
Bottom (10th Percentile)	297	$ 7.00 to $12.00	$10.00
C. RELATED TO SALES PER LABOR HOUR			
Top (90th Percentile)	223	$10.00 to $18.00	$18.00
Bottom (10th Percentile)	139	$ 8.50 to $12.00	$12.00
D. RELATED TO SALES PER CUSTOMER TRANSACTION			
Top (90th Percentile)	229	$10.00 to $18.00	$18.00
Bottom (10th Percentile)	221	$ 7.00 to $10.00	$ 8.50

Source: FMI/PMA Retail Produce Operations Survey, 1986. Data weighted by number of stores.

Exceptionally good sales per labor hour were associated with high sales volume. Stores in the 90th percentile for sales per customer transaction obtained $120.00 per labor hour compared to $85.00 for stores in the lowest 10th percentile. The table does not show a significant relationship between sales volume and sales per labor hour. In general, the typical store generated $100.00 per labor hour.

When labor productivity is considered on the basis of pounds sold per labor hour, the median is 135 pounds.

TABLE 3: PRODUCE SALES PRODUCTIVITY OF PEOPLE, PER STORE

Sales Per Labor Hour

	No. Stores Responding	Range for Middle Half	Median
A. CONSOLIDATED RESPONSES			
Total, All Stores	8145	$100.00 to $105.00	$100.00
Top (90th Percentile)	1018	$120.00 to $150.00	$120.00
Bottom (10th Percentile)	998	$ 65.00 to $ 80.00	$ 80.00
B. RELATED TO SALES VOLUME CONTRIBUTION			
Top (90th Percentile)	749	$ 90.00 to $110.00	$ 93.00
Bottom (10th Percentile)	684	$ 80.00 to $ 80.00	$ 80.00
C. RELATED TO SALES PER CUSTOMER TRANSACTION			
Top (90th Percentile)	271	$ 95.00 to $150.00	$120.00
Bottom (10th Percentile)	429	$ 62.00 to $100.00	$ 85.00

- Pounds Sold Per Labor Hour -

D. CONSOLIDATED RESPONSES			
Total, All Stores	780	110 to 199	135

Source: FMI/PMA Retail Produce Operations Survey, 1986. Data weighted by number of stores.

Table 4 displays produce sales per customer transaction. The table shows that the median for all stores was $1.20, with a middle range from $1.20 to $1.40.

High productivity performance for sales per customer transaction was associated with excellent labor and space productivity as well. For example, a dramatic difference was seen in the effect of space allocation between stores in the top and bottom categories. Stores in the 90th percentile for space allocation generated $2.00 per customer transaction compared with $.90 for stores in the 10th percentile. This shows that stores that best managed their space achieved high sales per customer transaction as well. The table does not show a significant relationship between sales per labor hour and sales per customer transaction.

TABLE 4: PRODUCE SALES PRODUCTIVITY OF MERCHANDISING, PER STORE

Produce Sales Per Customer Transaction

	No. Stores Responding	Range for Middle Half	Median
A. CONSOLIDATED RESPONSES			
Total, All Stores	4466	$ 1.20 to $ 1.40	$ 1.20
Top (90th Percentile)	479	$ 3.80 to $ 4.00	$ 3.80
Bottom (10th Percentile)	540	$ .90 to $ 1.00	$ .90
B. RELATED TO SALES PER LABOR HOUR			
Top (90th Percentile)	418	$ 1.20 to $ 3.80	$ 1.20
Bottom (10th Percentile)	266	$ 1.00 to $ 1.70	$ 1.00
C. RELATED TO SALES PER SQUARE FOOT			
Top (90th Percentile)	66	$ 2.00 to $ 4.00	$ 2.00
Bottom (10th Percentile)	129	$ .90 to $ 1.10	$ .90

Source: FMI/PMA Retail Produce Operations Survey, 1986. Data weighted by number of stores.

The fastest selling items were broccoli and kiwi. These two were followed by lettuce/salad/leafy products, 21.9 percent, and cauliflower, 14.6 percent. Slightly over 10 percent of the companies identified grapes, mushrooms and citrus/oranges as additional fast selling items. Table 5 reveals that only 5 percent to 8 percent of the companies name potatoes, pineapples, chinese/oriental, bananas or apples as top selling items.

TABLE 5: PRODUCE SALES PRODUCTIVITY: FASTEST-GROWING COMMODITIES, PER STORE

Commodities Increasing In Sales Faster Than Total Department Sales During Last Twelve Months

Commodity	% Mentioning	Commodity	% Mentioning
Broccoli	30.7%	Citrus/Oranges	10.2%
Kiwi	30.7%	Potatoes	8.8%
Lettuce/Salad/Leafy	21.9%	Pineapples	8.0%
Cauliflower	14.6%	Chinese/Oriental	6.6%
Grapes	10.9%	Bananas	5.8%
Mushrooms	10.9%	Apples	5.1%

Note: This list presents all specific commodities cited for their exceptional sales growth by 5% or more of the survey respondents. Non-specific responses were led by the broad category of specialty/gourmet/exotic/imported products, with 25.6% of the respondents mentioning. "Chilean items," "other vegetables," and "other fruit" each were recognized by 5% to 10%.

Specific answers, from less than 5% of the respondents, recognized these additional commodities, in order of the number of mentions: avocados, sprouts/bean sprouts, soft fruit, snow peas, strawberries, carrots, stone fruit, cabbage, Brussels sprouts, cucumbers, endive, and clementines.

Source: FMI/PMA Retail Produce Operations Survey, 1986. Data weighted by number of stores. Based on responses from 137 companies.

SECTION TWO: PROFIT CONTRIBUTIONS

The net profit dollar contribution from produce was typically 21 percent (Table 6). Seventy-four percent of the survey participants included non-fresh produce and floral items in their sales and profit figures. With the inclusion of these items, the contribution to net profit remained stable at 21 percent. Without these items, the contribution to net profit fell to 15 percent.

Produce in conventional supermarkets yielded 28 percent of storewide net profit while produce departments in super stores contributed 25 percent (Table 6). For warehouse stores, the net profit contribution was considerably lower at 10 percent.

TABLE 6: PRODUCE CONTRIBUTIONS TO NET PROFIT, PRE-TAX, BY STORE

Percent of Storewide Net Profit From Produce

	No. Stores Responding	Range for Middle Half	Median
A. CONSOLIDATED RESPONSES			
Total, All Stores	5125	16.0% to 21.0%	21.0%
Stores That Include Non-Fresh/Floral	3769	21.0% to 21.0%	21.0%
Stores That Exclude Non-Fresh/Floral	1354	15.0% to 18.0%	15.0%
B. CONVENTIONAL SUPERMARKETS			
Total, All Conventional Stores	1027	14.8% to 30.0%	28.0%
Stores That Include Non-Fresh/Floral	799	14.8% to 30.0%	30.0%
Stores That Exclude Non-Fresh/Floral	228	10.5% to 29.8%	20.5%
C. WAREHOUSE STORES			
Total, All Warehouse Stores	50	9.0% to 10.0%	10.0%
Stores That Include Non-Fresh/Floral	30	10.0% to 10.0%	10.0%
Stores That Exclude Non-Fresh/Floral	20	9.0% to 9.0%	9.0%
D. SUPER STORES			
Total, All Super Stores	409	16.0% to 29.8%	25.0%

Source: FMI/PMA Retail Produce Operations Survey, 1986. Data weighted by number of stores.

SECTION THREE: RETAIL PRODUCE OPERATIONS

Produce shrinkage, as a percentage of sales, was typically 5 percent for all stores. This is slightly higher than the 4.02 percent found in retail produce departments from FMI's 1983 Inventory Shortage in Food Retailing and Wholesaling report. That report also revealed that produce departments experienced the highest shrinkage when compared to other supermarket departments. The range for the middle was 5 to 6 percent. Table 7 shows that shrinkage figures tended to relate to levels of produce department net profit contributions. The information in Table 7 also reveals that stores with the highest net profit (90th percentile) enjoyed the lowest shrinkage at 4.5 percent. Conversely, stores with the lowest net profit (10th percentile) experienced higher shrinkage at 7 percent. Likewise, stores with high sales per customer transaction (90th percentile) had less shrinkage than stores with low sales per customer transaction (5.2 percent vs. 8 percent).

TABLE 7: PRODUCE SALES LOST TO SHRINKAGE, PER STORE

Percent of Storewide Profit Lost to Shrinkage

	No. Stores Responding	Range of Middle Half	Median
A. CONSOLIDATED RESPONSES			
Total, All Stores	6344	5.0% to 6.5%	5.0%
B. RELATED TO NET PROFIT CONTRIBUTION			
Top (90th Percentile)	513	4.0% to 6.0%	4.5%
Bottom (10th Percentile)	547	7.0% to 7.0%	7.0%
C. RELATED TO SALES PER CUSTOMER TRANSACTION			
Top (90th Percentile)	537	4.5% to 5.5%	5.2%
Bottom (10th Percentile)	452	3.8% to 9.0%	8.0%

Source: FMI/PMA Retail Produce Operations Survey, 1986. Data weighted by number of stores.

The number of produce items offered to consumers differed in the winter and summer months. Overall, stores typically offered 150 items during the winter and 165 items during the summer. Since 1979, supermarkets have offered 17 percent more summer items and 19 percent more winter items. This may be due to more foreign imports of fresh produce and better transportation routes from domestic suppliers.

Conventional supermarket operators reported a larger number of items than the all-store average, at 200 items for winter and summer. The survey revealed that warehouse stores sold 120 products in the winter and 150 products in the summer. Super stores, on the other hand, offered far greater numbers than other stores, at 275 items all year.

TABLE 8: PRODUCE VARIETY OFFERED, PER STORE

Typical Number of Items Carried, Excluding Non-Fresh

	No. Stores Responding	Range for Middle Half	Median
A. CONSOLIDATED RESPONSES			
Winter Total, All Stores	8700	120 to 200	150
Summer Total, All Stores	8421	150 to 200	165
B. CONVENTIONAL SUPERMARKETS			
Winter Total, All Stores	2075	130 to 220	200
Summer Total, All Stores	1796	160 to 250	200
C. WAREHOUSE STORES			
Winter Total, All Stores	75	47 to 170	120
Summer Total, All Stores	75	47 to 180	150
D. SUPER STORES			
Winter Total, All Stores	870	210 to 325	275
Summer Total, All Stores	870	250 to 375	275

Source: FMI/PMA Retail Produce Operations Survey, 1986. Data weighted by number of stores.

Table 9 displays the linear feet of space devoted to produce. All types of stores typically devoted 80 linear feet to dry rack and 72 linear feet to wet rack.*

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* Wet rack is a refrigerated display case with a water source and drainage to keep produce moist. Dry rack is a display case without the equipment necessary to keep produce moist or refrigerated.

Stores with high sales volume devoted considerably more space to produce than stores with low sales volume. Stores in the top 90th percentile typically had 144 linear feet for dry rack and 88 linear feet for wet rack. In contrast, stores in the lowest 10th percentile devoted 40 linear feet to dry rack and 60 linear feet to wet rack. Table 9 reveals that stores that focused their efforts on mass merchandising had the highest percent of dry to total rack.

TABLE 9: PRODUCE MERCHANDISING SPACE MANAGEMENT, PER STORE

Linear Feet of Space Devoted To Produce

	No. Stores Responding	Range for Middle Half	Median
A. CONSOLIDATED RESPONSES			
Dry Rack Total, All Stores	7939	40 to 104	80
Wet Rack Total, All Stores	8090	72 to 72	72
Total Rack, All Stores	8090	112 to 176	152
B. RELATED TO SALES VOLUME CONTRIBUTION			
Top (90th Percentile)			
Dry Rack	325	72 to 144	144
Wet Rack	430	72 to 96	88
Total Rack	430	144 to 216	232
Bottom (10th Percentile)			
Dry Rack	851	40 to 40	40
Wet Rack	875	60 to 72	60
Total Rack	875	100 to 100	100
C. RELATED TO SALES PER CUSTOMER TRANSACTION			
Top (90th Percentile)			
Dry Rack	274	36 to 136	60
Wet Rack	479	72 to 96	96
Total Rack	479	108 to 232	156
Bottom (10th Percentile)			
Dry Rack	451	30 to 96	40
Wet Rack	376	48 to 72	72
Total Rack	451	78 to 168	150

Source: FMI/PMA Retail Produce Operations Survey, 1986. Data weighted by number of stores.

Respondents were asked to forecast the size of their produce departments over the next three years. The typical anticipated growth was 15 percent, with the middle range extending from 10 to 25 percent.

TABLE 10: INCREASE IN DEPARTMENT SIZE FORESEEN OVER NEXT THREE YEARS

Approximate Increase Expected.....	7939	.....+10% to +25%	+15%

Source: FMI/PMA Retail Produce Operations Survey, 1986. Data weighted by number of stores.

Retail stores typically received three produce deliveries per week (Table 11). Most received in the range of three to four deliveries. Direct store deliveries (DSD) represented 5 percent of all deliveries. These involved mostly locally-grown commodities and those items with high bulk and tonnage attributes, like potatoes and watermelons.

TABLE 11: PRODUCE DELIVERIES TO STORES, PER STORE

	No. Stores Responding	Range for Middle Half	Median
CONSOLIDATED RESPONSES			
Average Deliveries Per Week	8732	3.0 to 4.0	3.0
Percent Shipments DSD*	7132	3.7% to 10.0%	5.0%

Items Most Likely To Be DSD*	Percent Mentioning
potatoes	28%
watermelon/melon	26%
lettuce/greens	23%
tomatoes	21%
citrus/oranges	20%
apples	19%
locally-grown produce**	18%
bananas	14%
floral items/plants/plant care items	13%
cantaloupes	7%
peaches	5%
corn	5%
cabbage	4%
berries	4%
yams/sweet potatoes	3%
salad dressings	3%
nuts/dried fruit	3%
pineapples	3%
grapes	3%
pumpkins	3%

*DSD = direct store deliveries, products delivered directly to the retailer.
**Although some respondents answered merely "locally-grown produce," a large portion of the specific answers presumably are in this category as well.

Source: FMI/PMA Retail Produce Operations Survey, 1986. Data weighted by number of stores. List of items most likely to be DSD based on responses from 117 companies.

Table 12 shows that 80 percent of the stores offered gift packages/baskets while just over half had a floral department. The table further shows that 25 percent of the stores offered pre-cut vegetables, 23 percent offered pre-cut fruits/melons, 19 percent offered fresh orange juice, 17 percent offered salad bars and 16 percent offered pineapple corers.

TABLE 12: SPECIAL SERVICES OFFERED BY PRODUCE DEPARTMENTS, PER STORE

Percent of Respondents' Stores Offering Each

DEPARTMENT SERVICES (Based on responses from 8708 stores.)

Service	% Total Stores
Gift Packs/Baskets	80%
Floral Department/Section	52%
Pre-Cut Vegetables	25%
Pre-Cut Fruits/Melons	23%
Fresh Orange Juice	19%
Self-Service Salad Bars	17%
Pineapple Corers	16%

Source: FMI/PMA Retail Produce Operations Survey, 1986. Data weighted by number of stores.

Ripening programs were used by 86 percent of the responding companies for tomatoes, 56 percent for avocadoes, 32 percent for pears and 26 percent for stone fruits. Banana ripening programs were excluded on the assumption that all stores have this program.

TABLE 13: RIPENING PROGRAMS IN EFFECT

For Commodities Other Than Bananas

Commodities	% of Respondents
Tomatoes	86%
Avocados	56%
Pears	32%
Stone Fruit	26%
Other Items	5%

Source: FMI/PMA Retail Produce Operations Survey, 1986. Data weighted by number of stores.

Attitudes and recommendations about branded/stickered produce merchandising are displayed in Table 14. Fifty-five percent of the respondents believed that branding/stickering by suppliers helps sales, while 24 percent responded "no" and 21 percent were not sure. The benefits to those who consider the practice helpful were: customer identifies with producer advertising (78 percent); producer ships quality product (54 percent); consumer perceives added value (49 percent); and increases impulse buying (44 percent).

Table 14 also shows that 83 percent of the respondents believed consumer information, if accompanying the brand identification or appearing on the stickers, would boost sales. Of that 83 percent, 89 percent recommended including suggested uses; 78 percent advocated nutritional information; 77 percent urged ripening information; 66 percent felt the product name should be included; and 45 percent asked for PLU/UPC codes when standardized and available.

TABLE 14: BRANDED/STICKERED ITEMS EXPERIENCE

	% of Respondents
Does this identification help sales? (187 companies responding)	
Yes	55%
No	24%
Not Sure	21%
How sales are stimulated by branding/stickering? (102 companies responding)	
Customer identification with producer advertising	78%
Producer ships quality product	54%
Consumer perceives added value	49%
Increases impulse buying	44%
Other	7%
Whether consumer information on brand/sticker would boost sales? (183 companies responding)	
Yes	83%
No	10%
Not Sure	7%
What information on brand/sticker should be provided? (152 companies responding)	
Suggested uses	89%
Nutritional information	78%
Ripening information	77%
Product name	66%
PLU/UPC codes	45%
Other	10%

Source: FMI/PMA Retail Produce Operations Survey, 1986. Data weighted by number of stores.

SECTION FOUR: FLORAL PRODUCTS

Respondents with floral operations were asked about productivity per store and ownership of the department. The results showed that only one-half percent leased their floral departments.

Table 15 reveals that at least 85 percent of the stores offered wedding and wire services. Delivery service was available from 17 percent of the floral departments.

TABLE 15: PERCENT OF COMPANIES OFFERING AT LEAST ONE SPECIAL FLORAL SERVICE

Service	% Companies
Design/Arrangements	100%
Wedding Service	87%
Wire Service	86%
Delivery Service	17%

Source: FMI/PMA Retail Produce Operations Survey, 1986. Data weighted by number of stores.

Table 16 indicates that, typically, floral department sales contributed 1 percent of total store sales, with a middle range of 1 to 2 percent. Sales per labor hour were $40.00, with a broad mid-range extending from $30.00 to $55.00.

Typical weekly sales per square foot for floral operations was $28.00 for all stores, with a large mid-range from $11.40 to $28.00. Table 16 further reveals that the typical floral section was 240 square feet.

The top-selling floral categories were cut flowers in packaged bouquets and green foliage plants. Holiday plant volume (including Easter lilies and Christmas poinsettias) was also reported to be significant. Other categories of floral items important to a complete operation were of relatively minor annual sales importance.

TABLE 16: FLORAL PRODUCTS PRODUCTIVITY, PER STORE

For Stores with Floral Operations

CONSOLIDATED RESPONSES	No. Stores Responding	Range for Middle Half	Median
Contribution to Store Sales	5794	1.0% to 2.0%	1.0%
Sales Per Labor Hour	600	$30.00 to $55.00	$40.00
Sales Per Square Foot/Week	344	$11.40 to $28.00	$28.00
Size of Floral Section (sq. ft.)	5190	168 to 240	240

Top Selling Categories	Percent Naming as Top Selling Category	Percent Naming as One of Three Top Selling Categories
1. cut flowers; packaged bouquets	68%	74%
2. green foliage plants	16%	25%
3. holiday plants	9%	33%
4. flowering plants	4%	90%
5. shrubbery/rose bushes	2%	5%
6. cut flowers; individual	1%	62%
7. bedding plants	0%	5%
8. floral arrangements*	0%	3%
9. silk and dried flowers/plants	0%	3%
	100%	

*store designed

Note: Other categories scoring below 1% in mentions as one of the three top selling categories are: cactus plants, corsages; seeds/bulbs, plant food/plant care, flower pots/baskets, lawn supplies, and potting soil/peat moss.

Source: FMI/PMA Retail Produce Operations Survey, 1986. Data weighted by number of stores.

APPENDIX

How The Information Was Obtained

A four-page survey form was developed jointly by the two sponsoring organizations, the Food Marketing Institute and the Produce Marketing Association. A copy of the survey follows.

The full spectrum of retailer and wholesaler members of both associations were contacted for their responses. Survey forms were distributed during the first week of February, 1986. Returns were received during February and March. Assisting in the data evaluation for accuracy of question interpretation, was Food Business Associates, Inc., an independent research organization specializing in analysis of produce wholesaling and retailing.

The Sample of Companies Responding

Approximately 12.5 percent of the survey recipients submitted completed returns for use in the tabulations of this report. Completed surveys were received from 189 companies, accounting for 8,722 supermarkets, or 29 percent of all supermarkets in the United States.

The companies in the survey were classified as follows: 30 percent operating one store; 37.6 percent operating 2 to 10 stores; 15.9 percent operating 11 to 49 stores; and 16.5 percent operating 50 or more stores.

Regional distribution of total sales in the survey was:

Region	Percent	Region	Percent
Pacific	15.9	East North Central	6.9
Mountain	7.5	East South Central	0.9
West North Central	27.4	South Atlantic	13.9
West South Central	12.0	Middle Atlantic	11.5
New England	4.0		

PRODUCE DEPARTMENT SURVEY 1986

The Food Marketing Institute and the Produce Marketing Association have developed this survey of the retail produce department to help promote the importance of the produce industry in today's retail marketplace. Your answers will provide the information necessary to maintain the vital role of the produce department.

Hopefully, you will be able to answer all of the questions listed below. ALL ANSWERS ARE CONFIDENTIAL. If you have a question, please contact Steven H. Chasin at FMI, 202/452-8444.

Thank you for completing this questionnaire. You will receive a complimentary copy of the report in mid-July.

SECTION I: DESCRIPTIVE INFORMATION

1. Which of the following best describes your company? (Circle answer).

   Retailer (Proceed to Question 2).....1
   Wholesaler with retail stores (Proceed to Question 2).....2
   Wholesaler without retail stores (Skip to Section IV, page 3).....3
   Other (Skip to Section IV, page 3).....4

2. How many SUPERMARKETS (food stores with at least $2 million in annual sales) does your firm OPERATE or SUPPLY?..... _____ SUPERMARKETS

3. Approximately what PERCENTAGE of your firm's retail store sales are located in each of the regions listed below?

   New England - ME, VT, NH, MA, CT, RI..... _ _ _ %
   Middle Atlantic - NY, PA, NJ..... _ _ _ %
   South Atlantic - WV, VA, MD, DE, DC, NC, SC, GA, FL..... _ _ _ %
   East South Central - KY, TN, MS, AL..... _ _ _ %
   East North Central - WI, MI, IL, IN, OH..... _ _ _ %
   West North Central - ND, SD, MN, IA, NE, KS, MO..... _ _ _ %
   West South Central - OK, AR, LA, TX..... _ _ _ %
   Mountain - MT, WY, ID, NV, UT, CO, AZ, NM..... _ _ _ %
   Pacific - WA, OR, CA, AK, HI..... _ _ _ %
   Total..... 1 0 0 %

SECTION II: STATISTICAL INFORMATION

4. Approximately what PERCENTAGE of your average store's ANNUAL SALES VOLUME is represented by fresh produce sales?..... _ _._ %

5. Approximately what PERCENTAGE of your average store's ANNUAL GROSS PROFIT MARGIN is generated by fresh produce sales?..... _ _._ %

6. Approximately what PERCENTAGE of your average store's ANNUAL NET PROFIT MARGIN is generated by fresh produce sales?..... _ _._ %

7. Do the figures above include NON-FRESH ITEMS or FLORAL sales? (Circle answer).

   YES.....1
   NO.....2

8. Approximately how many FRESH PRODUCE ITEMS do you typically carry in your average department? Please exclude all non-fresh (nuts, peanut butter, etc.) items.

   WINTER..... _____ ITEMS
   SUMMER..... _____ ITEMS

9. Approximately how many LINEAR FEET of space is devoted to produce in your average store?

   DRY RACK..... _____ LINEAR FEET
   WET RACK..... _____ LINEAR FEET
   TOTAL..... _____ LINEAR FEET

10. If you foresee an increase in the size of the produce department over the next three years, what is the approximate PERCENTAGE INCREASE you expect per average store? .....__ __•__ %

11. Approximately what PERCENTAGE of your stores offer the following SERVICES?

Self Service Salad Bar.....__ __•__ %
Fresh Squeezed Orange Juice.....__ __•__ %
Floral Department.....__ __•__ %
Pineapple Corers.....__ __•__ %
Ready-to-Eat Salads.....__ __•__ %
Produce Gift Packs or Baskets.....__ __•__ %
Pre-cut Fruits.....__ __•__ %
Pre-cut Vegetables.....__ __•__ %

12. Approximately what PERCENTAGE of your produce shipments are DIRECT STORE DELIVERED, bypassing the warehouse?.....__ __•__ %

13. What produce items are most likely to be direct store delivered?_____

_____

14. Approximately how many PRODUCE DELIVERIES do your average stores RECEIVE EACH WEEK?....._____PRODUCE DELIVERIES

15. Approximately what PERCENTAGE of your produce sales is LOST TO SHRINKAGE AT RETAIL?.....__ __•__% LOST

16. Approximately what is the average SALES PER LABOR HOUR in your produce department?.....$__ __ __•__

17. Approximately what is the average NUMBER OF POUNDS SOLD PER LABOR HOUR in your produce department?_____ POUNDS

18. Approximately what is the average SALES PER SQUARE FOOT OF SELLING AREA in your produce department?..$__ __ __•__

19. What is your AVERAGE PRODUCE TRANSACTION per customer?.....$__ __ __•__

SECTION III: FLORAL DEPARTMENT/SECTION (Please skip to Section IV if you do not have a floral department).

20. What is the average SIZE OF THE FLORAL SECTION? ....._____ SQUARE FEET

21. Is this a LEASED department? (Circle answer). Yes.....1 No.....2

22. What SERVICES do you offer? (Circle as many as applicable).

Floral design.....1 Delivery.....1
Wire service.....1 Wedding service.....1

23. What PERCENTAGE of your store's ANNUAL SALES VOLUME is represented by floral products?.....__ __•__%

24. What is the average SALES PER LABOR HOUR in the floral department?.....$__ __ __•__

25. What is the average SALES PER SQUARE FOOT?.....$__ __ __•__

26. What are the top three (3) selling items in the floral department? One (1) equals top selling.

Green plants (ferns, rubber plants, palms, etc.).....
Flowering plants (mums, violets, gardenias, etc.).....
Bedding plants (tomatoes, marigolds, etc.).....
Rose bushes/shrubbery/small outdoor trees.....
Cut flowers (individual: roses, carnations, etc.).....
Cut flowers (packaged bouquets).....
Cut flowers (store designed floral arrangements).....
Holiday plants (Easter lilies, Xmas poinsettias, etc.)..
Other, please list_____

Cactus/succulents.....
Corsages.....
Seeds/bulbs.....
Silk and dried flowers/plants.....
Plant food/fertilizer/leaf shine, etc.
Flower pots/containers/baskets.....
Lawn supplies.....
Potting soil/peat moss.....

SECTION IV: TRENDS

27. Many produce items that are branded or stickered seem to be entering the market. Does this identification help your produce operation or sales? (Circle answer).

Yes (Answer Question 27A).....1
No (Skip to Question 28).....2
Not Sure (Skip to Question 28).....3

27A. If yes, in what ways? (Circle all that apply).

Customer perceives added value.....1
Customer identifies with producer's advertising.....1
Producer ships quality product.....1
Increases customer impulse buying.....1
Other, (please describe).....1

_____

28. Do you feel there is any information that could be included on a brand or sticker that would have a positive affect on your produce sales? (Circle one).

Yes (Answer Question 28A).....1
No (Skip to Question 29).....2
Not Sure (Skip to Question 29).....3

28A. If yes, what information should be included? (Circle all that apply).

Name of product.....1
Suggestion for usage.....1
Nutritional information.....1
PLU/UPC code (when codes are standardized for produce).....1
Ripening information.....1
Other, (please describe).....1

_____

29. Please list those fresh produce commodities that have increased in sales faster than your total produce department sales during the last twelve months. Items: _____

_____

30. Other than bananas, for what commodities do you have ripening programs? (Circle all that apply).

Avocadoes.....1
Stone fruit.....1
Other, (please list).....1

_____

Tomatoes.....1
Pears.....1

31. What do you foresee as the two major retail trends related to fresh produce over the next few years?

(1) _____

_____

(2) _____

_____

Retailers: Please proceed to next page, (question 32).

Wholesalers: Thank you for completing this survey. Please return it to Steven H. Chasin, Food Marketing Institute, 1750 K Street, N.W. Washington, D.C. 20006.

32. We know this section may be difficult to complete but we believe the information will be extremely useful. Please answer as many of the questions as possible.

	Conventional[1/]	Warehouse[2/]	Superstore[3/]
Number of Stores	_____	_____	_____
Percentage of average store's ANNUAL SALES VOLUME generated by fresh produce?	__ __.__ %	__ __.__ %	__ __.__ %
Percentage of average store's ANNUAL GROSS PROFIT MARGIN generated by fresh produce?	__ __.__ %	__ __.__ %	__ __.__ %
Percentage of average store's ANNUAL NET PROFIT MARGIN generated by fresh produce sales?	__ __.__ %	__ __.__ %	__ __.__ %
Do these figures include NON-FRESH or FLORAL SALES?	Yes.....1	Yes.....1	Yes.....1
	No.....2	No.....2	No.....2
Number of FRESH PRODUCE ITEMS typically carried in the average department during the:			
WINTER	_____	_____	_____
SUMMER	_____	_____	_____

1/ Under 30,000 square feet.
2/ Has utilization fixtures, emphasizes lower prices at the expense of customer service.
3/ More than 30,000 total square feet with expanded food and non-food selection.

Thank you for completing this survey. Please return it to Steven H. Chasin, Research Manager, Food Marketing Institute, 1750 K Street, N.W., Washington, D.C. 20006.

LABEL WILL BE PLACED HERE

Name_____
Telephone_____

Please make any necessary address corrections.